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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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OFFICE OF SECRETARY

In the Matter of Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended	)	CC Docket No. 96-149

REPLY OF MCI TELECOMMUNICATIONS CORPORATION IN
SUPPORT OF ITS PETITION FOR RECONSIDERATION

MCI TELECOMMUNICATIONS CORPORATION

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SUMMARY

The oppositions to MCI's Petition for Reconsideration of the First Report and Order and Further Notice of Proposed Rulemaking in this docket (Order) do not address the points raised by MCI. MCI demonstrated in its Petition that the requirements imposed in the Order to implement the "operate independently" provision in Section 272(b)(1) of the Act fail to meet the Commission's own criteria stated in the Order for the implementation of that provision. Thus, permitting the joint ownership of property by the BOC and its affiliate, permitting the affiliate to construct, own or operate its own local exchange facilities and permitting joint research and development and shared administrative services will integrate their operations to such an extent that they will not be operating independently and will necessitate a vast amount of complex cost allocation.

The BOCs repeat the Commission's stated rationale for interpreting the independent operation requirement so narrowly, but they do not address MCI's arguments as to the integration and cost allocation burden that will result therefrom. The existence of other safeguards, both in the Telecommunications Act of 1996 and otherwise, are irrelevant to the interpretation of Section 272(b)(1), since Congress knew of, or imposed, such other safeguards and determined that an independent operation requirement was also necessary in addition to those protections. Permitting the interLATA affiliates to provide local services

will especially require the coordination and integration of the BOC's and affiliate's operations that Section 272(b)(1) was intended to preclude. SBC defends the Commission's decision to allow the BOCs to transfer their official services networks to their affiliates. Its argument is based, however, on a misreading of the MFJ Court's decision approving the Plan of Reorganization, which allowed the BOCs to keep those interLATA facilities on the understanding they were to be used for official services in support of their local exchange and access services.

The BOCs have also failed to rebut MCI's contention that additional reporting requirements are needed to enforce the nondiscrimination provisions of Section 272(c) and (e). They repeat the Commission's rationale for rejecting such requirements, which was based on other safeguards that supposedly will prevent discrimination, but, as MCI explained in its Petition, those safeguards all depend, in turn, on effective nondiscrimination reporting data.

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REPLY OF MCI TELECOMMUNICATIONS CORPORATION IN SUPPORT OF ITS PETITION FOR RECONSIDERATION

MCI Telecommunications Corporation (MCI), by its undersigned attorneys, hereby replies to the oppositions to its Petition for Reconsideration of the First Report and Order and Further Notice of Proposed Rulemaking in the above-captioned proceeding, FCC 96-489 (released Dec. 24, 1996)(Order). In its Petition for Reconsideration (Petition), MCI demonstrated that the Order failed to carry out its stated goals for the implementation of the Section 272(b)(1) requirement that a Bell Operating Company (BOC) "operate independently" from its separate affiliate and that additional reporting requirements were necessary to enforce the nondiscrimination provisions of Section 272(c)(1) and (e). As explained below, the oppositions fail to address the issues raised by MCI, and its Petition for Reconsideration should be granted.

A. The BOCs Have Not Rebutted MCI's Conclusion That the Order Fails to Implement the Separation and Nondiscrimination Requirements of Section 272

MCI argued in its Petition that, in order to implement the independent operation requirement in Section 272(b)(1), the Commission should have prohibited joint ownership of any property by the BOC and its affiliate, prohibited the affiliate from constructing, owning or operating its own local exchange facilities or from purchasing unbundled elements for the provision of local services, and prohibited joint research and development and shared administrative services. MCI explained that in allowing such integrated operations, the Commission undermined its stated goal in the Order for the implementation of Section 272(b)(1), which was "to prevent a BOC from integrating its local exchange and exchange access operations with its section 272 affiliate's activities to such an extent that the affiliate could not reasonably be found to be operating independently,"[1] and to "avoid[] the need to allocate the costs of such ... facilities between BOC activities and the competitive activities...."[2]

The BOCs raise various objections to MCI's request that the Commission implement the "operate independently" requirement in Section 272(b)(1) more effectively. Ameritech quibbles that Section 272(b)(1) does not require fully separate operations, pointing to various provisions that it argues contradict such a requirement.[3] The examples it chooses, however -- such as the nondiscrimination requirement of Section 272(c)(1) and the joint marketing provision in Section 272(g) -- do not contradict, but, rather, reinforce MCI's view that Section 272(b)(1) requires fully independent operations. Complete independence of

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1 Order at ¶ 158.

2 Id. at ¶ 159.

3 Ameritech Comments at 10-11.

operations between a BOC and its interLATA affiliate clearly facilitate the enforcement of the requirement that a BOC not discriminate between such affiliate and other unaffiliated entities. Such a nondiscrimination requirement necessarily implies that the BOC and its affiliate be sufficiently separate such that a comparison can be made between their dealings and the BOC's dealings with other unaffiliated entities. Similarly, the explicit permission given for joint marketing in Section 272(g) would not have been necessary if the BOC and its affiliate were not otherwise required to be fully independent.

Ameritech also claims that the "operate independently" requirement could not have been intended to establish a wide-ranging set of separation requirements "that dwarf the specified requirements" in Section 272(b)(2)-(5).[4] Other BOCs also argue that the additional requirements advocated by MCI are not specifically required by Section 272(b).[5] Those arguments, however, beg the question, since they assume that "operate independently" does not require much independence. If MCI is correct about the meaning of that phrase, there are not many additional separation requirements that needed to be spelled out in Section 272(b). The scope of the requirements in Section 272(b)(2)-(5) thus sheds no light on the proper interpretation of the independent operation requirement in Section 272(b)(1).

Contrary to the BOCs' suggestions, MCI does not seek to

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[4] Ameritech Comments at 11.

[5] See, e.g., Bell Atlantic/Nynex Joint Comments at 3.

impose obligations beyond those required by Section 272(b). As MCI explained in its Petition, it is the Commission that stated that the purpose of Section 272(b)(1) is "to prevent a BOC from integrating its local exchange and exchange access operations with its section 272 affiliate's activities to such an extent that the affiliate could not reasonably be found to be operating independently,"[6] and to "avoid[] the need to allocate the costs of such ... facilities between BOC activities and the competitive activities...."[7] The integration that the Order allows, however, and the cost allocation that will be required, undercut those stated goals. Providing unbundled elements to the affiliate for the provision of local service, providing official services network facilities and administrative services to a separate affiliate and permitting the affiliate to provide local services, for example, will intertwine the planning and operations of the BOC and its affiliate to a tremendous extent.

Moreover, the BOCs' provision of services and facilities to their affiliates as permitted by the Order will necessitate the same cost allocations that would have been required if joint ownership of facilities had been allowed. The only difference is that instead of allocating the costs of jointly owned facilities, it will be necessary to allocate costs between the facilities, elements and services the BOC provides to its affiliate and those it provides to all others, an equally intricate and error-prone

[6] Order at ¶ 158.

[7] Id. at ¶ 159.

task. The Order thus accomplishes nothing in the way of avoiding cost allocations and integration of operations. None of the BOCs addressed this failure in the Order to meet its own stated goals for the implementation of Section 272(b)(1).

Ameritech and SBC also list the other safeguards that ought to prevent abuses -- such as price caps, biennial audits, cost accounting rules and the other separation and nondiscrimination requirements of Section 272 itself -- and argue that no additional separation requirements, such as those sought by MCI, need be imposed.[8] Again, however, that begs the question of the proper interpretation of the independent operation requirement. Moreover, Congress knew of, or imposed, in the 1996 Act, those other requirements and nevertheless imposed the independent operation requirement in addition to those other protections. Since Congress determined that all of those requirements were necessary in tandem, the Commission should reject the BOCs' suggestion to soft pedal Section 272(b)(1) in reliance on the others.

The BOCs also argue that the Commission was correct in allowing the interLATA affiliates to own and operate local exchange service facilities. They state that although Section 272(b) requires separation between a BOC and its interLATA affiliate, that provision does not limit the activities of the affiliate itself.[9] Ameritech argues that since the affiliate has

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[8] Ameritech Comments at 12; SBC Opposition at 4-5.

[9] <u>See, e.g.</u>, SBC Comments at 6-8.

no local bottleneck power, its provision of local exchange service together with interLATA services will not create any anticompetitive risks.

The BOCs do not address MCI's point, however, that if the BOCs and their interLATA affiliates are both providing local exchange services, it will be impossible for them to operate independently. Both the BOC and its affiliate would be sharing the use of and acting through the affiliate's local service operations, requiring the coordination and integration that, according to the Commission, Section 272(b)(1) was intended to preclude. Whether that coordination is done by the parent holding company or otherwise, the lack of independence is the same.

For example, Ameritech suggests that the interLATA affiliates should be able to develop new service packages or local service pricing plans or target niche markets to which the BOCs' local services are not directed.[10] Such strategies will require constant coordination between a BOC and its affiliate at every step of product development, marketing and sales in order not to trip over each other. Such coordination and cooperation are the antithesis of independent operations. Moreover, the more coordination that is necessary between the BOC and the affiliate, as the affiliate's local service operations grow, the more that the affiliate takes on the role of a successor to the BOC. Finally, US West defends the Commission's decision to allow the

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[10] Ameritech Comments at 16-17.

affiliates to provide local services on the basis of all of the other safeguards cited in the Order,[11] but that does not help determine whether the independent operation requirement is violated. The BOCs thus have not faced up to the issue presented.

One aspect of this issue on which SBC focuses is MCI's request that BOCs not be permitted to transfer their official services networks to their separate affiliates. MCI argued in its Petition that those networks were left with the BOCs upon divestiture on the understanding that they would be used only for local exchange and intraLATA services, citing the MFJ Court's opinion approving the Plan of Reorganization.[12] MCI argued that if there is now sufficient excess capacity in those networks to be used for interLATA services in addition to official services, the BOCs have been engaging in massive cross-subsidization. Moreover, since those networks were tailored for the BOCs' unique needs, they will provide a unique, discriminatory benefit to the BOCs and their affiliates that no other entity could extract.[13]

SBC argues that the MFJ Court, in the decision cited by MCI, did not restrict the use of the official services networks in the manner MCI suggests, pointing to the corridor services that the BOCs were permitted to provide using, inter alia, those

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[11] US West Response at 11.

[12] See Western Electric Co. v. United States, 569 F. Supp. 1057, 1098-99 (D.D.C. 1983).

[13] MCI Pet. at 4-5.

networks.[14] The Court clearly stated, however, that

> [I]t makes no sense to prohibit the [BOCs] from using, constructing, and operating on their own the facilities they need to conduct Official Services, whether they be intra-LATA or inter-LATA in character....
>
> ... As William Weiss, chief executive-designate of the Midwest Region, points out:
>
> ... "Forcing the BOCs to rely on third parties for official service communications ... could seriously jeopardize the BOCs' fulfillment of their responsibilities to provide intra-LATA communications and exchange access....
>
> "... The critical point is that the BOCs should be free to conduct their official services communications in the optimal manner, selecting whichever option is the most reliable and cost-efficient."[15]

The Court went on to explain that the MFJ did not prohibit the BOCs from constructing and maintaining interLATA facilities used for official services:

> Further, section I(A)(1) mandates
>
> > [t]he transfer from AT&T and its affiliates to the BOCs ... of sufficient facilities [to permit them] to perform, independently of AT&T, exchange telecommunications and exchange access functions....[16]

In other words, the BOCs were strictly prohibited from providing interLATA services except for their official services in the performance of their local exchange, access and intraLATA services. The interLATA official services facilities were

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[14] SBC Opposition at 9.

[15] 569 F. Supp. at 1098-1100.

[16] Id. at 1100.

transferred to them, or permitted to be constructed by them, only for those purposes.[17] Some the interLATA facilities transferred to the BOCs for official services purposes were also partially used by AT&T for interLATA services,[18] but the BOCs were not thereby permitted to use those interLATA facilities for other than their official services in support of their local and access services. The permission to provide interLATA corridor services cited by SBC was another limited exception strictly limited to its facts. Thus, SBC is wrong as to the uses to which the official services networks could be put.

SBC then asserts that there is no evidence that there is excess capacity in the official services networks, rebutting any claim of cross-subsidization, and that even if they were overbuilt, Sections 272(b)(5) and (c)(1) would require an arm's-length, nondiscriminatory transfer to the affiliate.[19] The point is, however, that if the BOCs intend to transfer those networks to their affiliates, with the affiliates making capacity available to the BOCs for official services purposes, those networks have been overbuilt, raising serious cross-subsidy issues. The process of having to assign an arm's-length transaction value to those facilities also poses an enormous enforcement burden for the Commission. The BOCs' unwillingness

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[17] See also id. at 1101 (BOCs may also construct interLATA facilities for official services).

[18] See id.

[19] SBC Comments at 9.

to reveal their plans as to the future intended use of the official services networks only heightens the reasonable suspicion that cross-subsidization has taken place. Finally, as MCI argued in its Petition, the notion of a nondiscriminatory transfer of facilities designed for only one entity is ludicrous. The advantages that will be conferred on the affiliates by such facilities are unique, making any such transfer inherently discriminatory. The BOCs fail to address this crucial issue.

SBC argues that the sharing of services does not undermine the independent operation and separate employee requirements but can only assert in defense of the Order that the interLATA affiliate will at least need employees to perform those few functions that the BOC is not allowed to perform for the affiliate and that "there will undoubtedly be functions that the § 272 affiliate will prefer to perform for itself."[20] In other words, the BOCs' employees should be allowed to do almost everything needed by the affiliates, which will be reduced to shells. This is already happening. According to an article in the trade press, a copy of which is attached as Exhibit A, the president of Ameritech's designated interLATA affiliate, Ameritech Communications, Inc. (ACI), quit after a major strategy shift reducing the role of ACI and stripping down its staff to a skeleton crew that will handle only network management and product development. All of the BOCs' interLATA affiliates will look like ACI if they are permitted to share services.

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[20] SBC Comments at 5.

B. The BOCs Have Failed to Demonstrate That Additional Reporting Requirements Should Not be Imposed

Some of the BOCs also oppose MCI's request that the Commission enforce the nondiscrimination requirements in Section 272 with meaningful reporting requirements. In its Petition, MCI explained why each of the other safeguards cited in the Order as reasons not to impose reporting requirements actually support such requirements, since those safeguards -- such as the complaint remedy and the nondiscrimination requirements -- are useless without the nondiscrimination reporting data necessary to make out a *prima facie* case or to check on whether discrimination is taking place. MCI also pointed out that it made little sense to reject additional reporting requirements on the basis of such safeguards as the separation requirements and the biennial audit requirement, since the Order also "decline[s] to impose additional structural separation requirements given the nondiscrimination safeguards, the biennial audit requirement, and other public disclosure requirements imposed by section 272."[21] Various provisions in Section 272 cannot be presumed to substitute for one another, since Congress deemed each of them necessary in concert with all of the others.

Some of the BOCs object to MCI's request and recite the Commission's rationale for rejecting reporting requirements.[22] They never address MCI's points demonstrating the inadequacy of

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[21] Order at ¶ 167.

[22] SBC Opposition at 10-11; Ameritech Comments at 17-21; Bell Atlantic/Nynex Joint Comments at 6-7.

that rationale, however. Ameritech alludes to the effect of all of the other safeguards taken together, but never explains how all of the other safeguards, in tandem, rebut MCI's arguments as to the need for meaningful reporting requirements any better than they do singly. For example, it is not evident that the need for reporting requirements to make the complaint remedy and nondiscrimination requirements fully effective is somehow diminished by the combination of those safeguards. A complaint remedy and nondiscrimination requirements that are rendered ineffective by the lack of nondiscrimination reporting data are no more useful taken together than they are apart. Bell Atlantic/Nynex argue that those remedies are effective because, for example, the defendant bears the burden of production in a complaint case under Section 271(d)(6)(B).[23] The defendant only bears that burden, however, after the complainant establishes a prima facie case, with supporting evidence,[24] which will not be possible in many discrimination cases without reporting data.

Ameritech also goes on at length as to why it no longer has any incentive or ability to discriminate, but if that were actually the case, there would be no need for the nondiscrimination requirements in Section 272. They are there for a reason -- namely, the BOCs' continuing overwhelming local exchange and access market dominance -- and the Commission has an obligation to enforce those requirements. Such enforcement is

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[23] Bell Atlantic/Nynex Joint Comments at 6-7.

[24] Order at ¶¶ 340, 345.

impossible without the reporting requirements MCI advocated in its Petition. Ameritech also asserts that it is already providing such reports to MCI and other carriers pursuant to its Section 251/252 obligations. As MCI demonstrated in its Petition, however, state commissions are not requiring performance and service quality standards in interconnection agreements, let alone reporting requirements to enforce such standards.[25] To the extent that Ameritech has agreed to provide some of this data, it has not explained why a requirement to provide it is unreasonable.

The need for such reporting requirements is underscored by Ameritech's final point, which is that other carriers do not need data comparing a BOC's treatment of its own affiliate with its treatment of other entities, because they can compare how they are treated by the various BOCs. Such "benchmarking" data supposedly allows carriers to identify any service degradation without formal service quality reports. Ameritech's solution, however, proves the need for such reports. One learns nothing about potential discrimination by comparing one BOC's performance with that of another. Thus, the benchmarking that Ameritech advises would not establish any useful conclusions. The only data that shed light on a BOC's compliance with the nondiscrimination requirements of Section 272 are data that allow the comparisons set forth in those provisions -- i.e., data that compare a BOC's treatment of its affiliate with its treatment of

[25] MCI Pet. at 12-13.

other entities.

Conclusion

For the reasons stated above and in MCI's Petition for Reconsideration, the Commission should reconsider its Order and modify it to implement Section 272 properly and to impose reporting requirements necessary to enforce the nondiscrimination provisions of Section 272.

Respectfully submitted,

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Dated: April 16, 1997

EXHIBIT A

SPECIAL REPORT Auto leasing hits brakes as sellers clip incentives **Page L1** **HOLY DOW!** A look at local stocks after a wild week **Page 4**

CRAIN'S
CHICAGO BUSINESS
CCBMAIL@AOL.COM (THIS ISSUE IN 2 SECTIONS) VOL. 20, NO 14 APRIL 7, 1997 $3.00

LATE NEWS

FIRM OFFERS $22-MIL. FLOOD SETTLEMENT

▶ **Great Lakes Dredge & Dock Co.** proposed a maximum $22-million settlement last week with nearly 200 downtown firms affected by the 1992 Chicago flood. The deal won't be final until it is approved by each plaintiff against the Oak Brook company, a process that could take several weeks. "I believe it will be settled," says William Harte, one of several attorneys involved in the class-action lawsuit against Great Lakes, whose repair of Chicago River pilings led to a rupture in the underlying tunnel and widespread Loop flooding. The deal is similar to the firm's $26-million settlement with the city last month, which provided $3 million in cash and rights to collect the rest from its London insurers, says Douglas Mackie, CEO of Great Lakes. Meanwhile, the plaintiffs

Top execs exit Ameritech

CEO Richard Notebaert must deal with key executive changes as the company reaches a critical juncture in the post-deregulation era.

Consumer services: President Mitch Wienick leaves phone company's largest unit. Cellular chief John Rooney takes over.

Cellular: Herb Hribar, vice-president in charge of European operations, replaces Mr. Rooney as president.

Long-distance: President Steven Nowick leaves after strategic shift gives control of long-distance marketing to other units.

Consumer, long-distance chiefs are latest hang-ups

By JOSEPH B. CAHILL

Executive changes are shuffling the lineup at Ameritech Corp. just as competition is heating up in key markets.

Departures over the past two weeks have brought new leadership to four Ameritech business units. They represent the latest turns of a revolving door on the executive suite at the $15-billion telecommunications giant.

Last week, the company confirmed that the head of its largest business—consumer services—has left for another company and will be replaced by the chief of its fast-growing cellular unit.

Also gone are the presidents of Ameritech's much-touted long-distance unit and its security monitoring business.

The departure of long-distance chief Steven Nowick, 43, signals a major strategy shift that reduces the role of the unit. The company's main consumer and

See AMERITECH *on Page 44*

McD's race for life in the faster food lane

High-tech kitchens may heat up sales

onions—is guaranteed to arrive within 3.5 minutes, or the meal is eliminated.

Franchisee Steve Bigari, who re-

Hello, hello? Ameritech's latest executive hang-ups

AMERITECH *from Page 1*

business services units will now lead the long-stalled charge into long-distance—as soon as federal and state regulators open the gate.

Company officials would not comment on the prospect of layoffs at the long-distance unit, which, over the past 2½ years, has built a fully staffed headquarters operation in northwest suburban Rosemont.

Meanwhile, the $4.7-billion consumer services business is facing the prospect of competition for residential customers for the first time just as President Mitch Wienick—a 48-year-old consumer products expert recruited from Borden Inc.—leaves to become CEO of CDI Corp., a technical outsourcing firm based in Philadelphia. John Rooney, 54, exits the cellular unit to replace Mr. Wienick just as the wireless industry is poised to explode with competition.

Security monitoring chief Stephen Pazian, 47, departs for the CEO spot at a subsidiary of California's Edison International at an equally inopportune time: The unit is in the midst of a shift from commercial to consumer markets.

'Losing your generals'

Taking Mr. Rooney's place at cellular is Herb Hribar, 45, now in charge of Ameritech's European operations. Patrick Earley, vice-president of finance for the long-distance unit, replaces Mr. Nowick. And Eljay Bowron, 46, director of the U.S. Secret Service, will take over security monitoring.

"It's losing your generals just before you go into battle," says securities analyst David Otto, who follows Ameritech for Edward D. Jones & Co. in St. Louis.

But a company spokesman says the executive departures will have little impact in an organization as large as Ameritech.

"We're deep in talent," he says, pointing out that turnover is high throughout the telecommunications industry. The top-shelf jobs offered to Messrs. Wienick and Pazian are testimony to Ameritech's success in recruiting high-caliber executives from more competitive industries, he adds.

Beyond possible disruption at the business units, the wave of defections continues a trend at the upper levels of Ameritech.

Of the three exiting executives, none had been with the company longer than four years. Mr. Wienick joined in 1993, Mr. Nowick in 1994 and Mr. Pazian in 1996.

Other top-level departures in the past year include Andrew Patti, former chief operating officer of Dial Corp., who left after only five months as executive vice-president and head of the consumer and business services—the No. 2 slot at Ameritech. Former sports executive Timothy Connolly, who was senior vice-president in charge of the Ameritech telephone network and a member of the executive committee until 1996, left after 11 months on the job.

Another executive committee member, Senior Vice-president of Corporate Communications Rita Wilson, left a year ago—after 19 months—to return to her previous employer, Allstate Corp.

All of the departing executives were recruited by CEO Richard Notebaert from unregulated industries to infuse Ameritech's monopolistic culture with competitive blood as its markets are opened to competition.

All of the departing execs were recruited from unregulated industries to infuse Ameritech with competitive blood.

But with real competition in local service still theoretical, Ameritech has yet to feel the pain that changes attitudes.

"They're at a stage where those people are going to be very frustrated by working for Ameritech," observes Bob Venable, an analyst with Robert W. Baird & Co. in Milwaukee.

AT&T at the gate

But things are changing for the consumer unit that Mr. Rooney is taking over. After months of shadow-boxing, New Jersey-based AT&T Corp. last month began competing with Ameritech for local telephone customers in Libertyville and Waukegan. Mr. Rooney, who oversaw 33% growth in cellular subscribers last year, says the consumer unit is ready to compete.

"What we will do here will be many of the same things we did at cellular," he says.

Mr. Rooney's successor at the cellular unit will not have the same advantages he did. A business that has been limited to two competitors per market is getting more crowded as operators of a new breed of wireless service—called personal communications services—rush in. The Chicago market, for example, now has three wireless carriers and could have as many as seven by next year.

In the long-distance arena, Mr. Nowick's exit reflects a fundamental shift in Ameritech's approach to a business that seems forever just out of reach.

Ameritech originally believed it would be in the business by the end of 1995, a target that now seems two years too optimistic. A Federal Communications Commission ruling in December removed the need for a stand-alone subsidiary to market long-distance services.

While Mr. Nowick was not responsible for snafus in Ameritech's quest for regulatory approval to sell long-distance in the five states where it controls the local-service market, the former telecommunications executive and consultant faced a diminished role as the consumer and business services units took over marketing responsibility for long-distance.

The unit has been stripped down to a skeleton crew that will handle network management and product development.

Stocks losing their socks

MARKET *from Page 4*

Still, the $5.6-billion deal is now worth about $800 million less than when it was announced in late February.

The market rout iced plans of at least two Chicago technology companies to go public: Oak Brook information technology consultant SPR Inc. and Inverness-based Hartford Computer Group Inc., which resells computer equipment and software to businesses and distributors.

SPR Chief Financial Officer Stephen Gambill said his company is now "shooting towards next fall," adding, "We're waiting until the market rebounds."

Likewise, Hartford's approximately $52-million offering is in limbo, "definitely as a result of the market's weakness," said Chief Financial Officer Robert Zirk.

However, the market wasn't poison to Oak Forest's Hemlock cial real estate firm Grubb & Ellis Co., which saw its market capitalization more than double in the period. Grubb's shares soared 111% to $9.50 at the end of March, before slipping back to the $9 range last week.

Chief Financial Officer Brian Parker declined to comment on the stock price but noted the strong real estate market and Grubb's healthy balance sheet. The firm has raised a total of $21 million in equity since January and paid off its long-term debt.

Some escape plunge

The biggest quarterly gainer was Chicago's Metal Management Inc., a recent startup that aims to build a national chain of scrap metal dealers. Buoyed by three recent acquisitions, its stock rose 126% in the quarter to $8.75 and remained in that range last week.

Town on a tear sticks by its old name

CERTIFICATE OF SERVICE

I, Sylvia Chukwuocha, do hereby certify that a true copy of the foregoing "REPLY IN SUPPORT OF MCI'S PETITION FOR RECONSIDERATION" was served this 16th day of April, 1997, by hand-delivery or first-class mail, postage prepaid, upon each of the following persons:

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